

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of	)	
	)	
Petition Pursuant to 47 U.S.C. §160	)	WT Docket No. 01-184
For Forbearance From the	)	
Commercial Mobile Radio Services	)	
Number Portability Obligation	)	

**COMMENTS OF WORLDCOM, INC.**

WorldCom, Inc. (“WorldCom”) hereby submits its Comments in response to the above-referenced *Petition* filed by Verizon Wireless. In its *Petition*, Verizon Wireless requests permanent forbearance from the Commission’s wireless local number portability (“LNP”) requirement. WorldCom opposes Verizon Wireless’s *Petition* and urges the Commission to maintain the current mandated wireless LNP deadline.

WorldCom is the largest reseller of post-paid wireless services in the United States and is the only post-paid wireless reseller that operates on a national basis. WorldCom currently has nearly 2 million wireless service customers and has resale agreements with all of the major facilities-based cellular and PCS providers.

In mandating wireless LNP in 1997, the Commission concluded that LNP is a necessary functionality which will promote competition among wireless carriers and between wireless and wireline carriers. LNP will give customers much greater flexibility in changing service providers, and thereby stimulate price and service competition. Wireless LNP is also important to promoting a vibrant wireless resale market, especially in light of the not-too-distant sunset of the mandatory resale requirement.

Verizon Wireless's *Petition* is simply the latest of the CMRS industry's unrelenting efforts to seek relief from the wireless LNP requirement. In response to these requests for relief, the Commission has repeatedly and steadfastly reaffirmed the underlying policy reasons for mandating wireless LNP.

At bottom, Verizon Wireless's *Petition* is nothing more than an untimely, unauthorized and unsubstantiated petition for further reconsideration. Verizon Wireless and the CMRS industry have been given five and one half years to implement wireless LNP – from March 1997 until November 24, 2002.<sup>1</sup> The initial deadline of June 30, 1999 has twice been extended – for a period of over three years – by the Commission. Verizon Wireless, and perhaps other CMRS carriers, have essentially avoided compliance with an objectionable rule by seeking delay after delay. Now Verizon Wireless is requesting that the rule be eliminated. Those CMRS carriers which have avoided compliance should not be rewarded for their dilatory efforts by a grant of forbearance.

**I. Verizon Wireless Completely Misrepresents the Commission's Reasons for Implementing Wireless LNP.**

Verizon Wireless completely misrepresents the Commission's reasons for implementing wireless LNP, implying that the Commission twice extended the deadline for LNP implementation because it had doubts as to the benefits of LNP. In fact, the Commission has consistently reaffirmed its policy that LNP is in the public interest. Although it twice granted requests to extend the deadline for LNP because the wireless carriers were not ready to implement it, the Commission in both cases made it clear that LNP was no less important to promoting competition than when it was first mandated.

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<sup>1</sup> The Commission initially mandated wireless LNP in March 1997, to be implemented on June 30, 1999. This deadline was extended twice, first to March 2000, then to the current deadline of November 24, 2002.

In its *Memorandum Opinion and Order* granting the petition of the Cellular Telecommunications Industry Association (“CTIA”) to extend the wireless LNP deadline to November 24, 2002, the Commission stated:

the competitive reasons that led us to mandate wireless number portability in the *First Report and Order* remain fundamentally valid: we sought to increase competition both within the CMRS marketplace and with wireline carriers.... We remain committed to the basic regulatory approach outlined in prior orders in this proceeding.<sup>2</sup>

The Commission reiterated its commitment to wireless LNP as recently as February 23, 2000, when it reaffirmed the necessity of mandating LNP because, “in the absence of a regulatory requirement, carriers who feared losing customers might not have a market-based incentive to develop LNP.”<sup>3</sup>

In attempting to revise history, Verizon Wireless states in its *Petition* that the Commission in 1999 “pulled back” from its earlier findings regarding the benefits of LNP for promoting wireless competition.<sup>4</sup> However, the Commission did no such thing. On the contrary, the Commission made a point of reaffirming its commitment to LNP then and in the future by stating:

... we emphasize that we continue to view wireless LNP as providing important benefits to wireless consumers. While we believe that extending the implementation deadline until November 2002 will not harm consumers, we consider it likely that in the longer term, wireless number portability will be an increasingly important issue for consumers.<sup>5</sup>

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<sup>2</sup> In the Matter of Cellular Telecommunications Industry Association’s Petition for Forbearance From Commercial Mobile Radio Services Number Portability Obligations, WT Docket No. 98-229, *Memorandum Opinion and Order*, released February 9, 1999 (*CMRS LNP Forbearance Order*), at ¶ 40.

<sup>3</sup> In the Matter of Cellular Telecommunications Industry Association’s Petition for Forbearance From Commercial Mobile Radio Services Number Portability Obligations, WT Docket No. 98-229, *Order on Reconsideration*, released February 23, 2000 (*CMRS LNP Reconsideration Order*), at ¶ 12.

<sup>4</sup> Verizon Wireless *Petition*, pages 6-7.

<sup>5</sup> *CMRS LNP Forbearance Order* at ¶ 23.

Verizon Wireless contends that the Commission delayed the implementation deadline for LNP in 1999, rather than forbear from the requirement, because it believed that LNP was a prerequisite for pooling, and pooling was increasingly necessary to address number conservation concerns.<sup>6</sup> WorldCom fully agrees that pooling is essential to address number conservation concerns; however, pooling was not the primary basis for the Commission's decision to mandate wireless LNP. The foundation of the Commission's decision to mandate wireless LNP was that it would promote competition and provide many consumer benefits, such as lower rates and better service quality.

## **II. Verizon Wireless and the other Wireless Carriers Have Had More Than Enough Time to Implement Wireless LNP.**

Wireless LNP was initially mandated by the FCC in March 1997, with a deadline of June 30, 1999. This deadline has twice been extended – first by nine months to March 2000, then by another two and a half years to November 24, 2002. This means that the current deadline for wireless LNP implementation is five and a half years after LNP was first mandated – two years from the initial mandate until the original deadline, and an additional three and a half years of extensions that the wireless carriers have requested and received.

WorldCom submits that the wireless carriers have had more than enough time to implement wireless LNP. The Commission issued a clear mandate regarding LNP in March 1997. The fact that certain wireless carriers apparently have chosen to avoid compliance, hoping that wireless LNP would never be enforced, does not mean that these carriers should now be relieved of this requirement.

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<sup>6</sup> Verizon *Petition*, page 8.

The extension to November 24, 2002 was requested by CTIA (and supported by Verizon Wireless<sup>7</sup>), which argued that LNP should not be required until the completion of the five year build-out period for broadband PCS. CTIA argued at the time that the wireless carriers needed to put their efforts towards network build-out and improved service quality, rather than towards LNP. The FCC agreed with this and granted the extension. Now that the wireless carriers have had the time to build out their systems (or will have had the time by November 2002), Verizon Wireless has come forward with yet another reason that the LNP deadline should be extended, only this time “permanently”. Verizon Wireless and the other CMRS carriers have essentially avoided compliance with an objectionable rule by seeking delay after delay, and then requesting that the rule be eliminated. They should not be rewarded for their efforts by a grant of forbearance.

### **III. LNP Will Serve the Public Interest by Promoting Competition within the CMRS Industry and Between the CMRS and Wireline Industries.**

Verizon Wireless argues that wireless LNP is unnecessary because the CMRS market is highly competitive. WorldCom submits that, although the CMRS market is more competitive today than it was when LNP was first mandated, Verizon Wireless is just plain wrong in concluding that this eliminates the need for LNP. On the contrary, LNP is necessary to maintain and increase the level of competition in the CMRS industry and to promote competition between the CMRS and wireline industries.

Increased competition in the CMRS industry has resulted in lower prices and, importantly, in the availability of large buckets of airtime minutes at a fixed monthly

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<sup>7</sup> The extension was supported by both Bell Atlantic Mobile, which has since changed its name to Verizon

charge, under most calling plans. Not unlike an all-you-can-eat buffet, customers are eager to use as many of their minutes as possible. As a result, customers are increasingly using their cell phones for incoming calls and giving out their cell phone numbers as freely as they give out their wireline numbers. Some are even using their wireless phones as their only telephone line or as their second line. In fact, the Yankee Group recently estimated that “3% of all wireless customers use wireless phones as their only phone,” and that the percentage of all phone conversations which take place over mobile phones is expected to reach 45% by 2005.<sup>8</sup> This means that consumers are much more invested in their cell phone numbers today than they were in the past, when most cell phones were only used for outgoing calls, and they will continue to be even more so in the future. As these trends continue, it will be increasingly important for customers to be able to change wireless providers without changing phone numbers. The Commission correctly foresaw this in 1999.<sup>9</sup>

The importance of wireless LNP is also echoed by other countries. For example, in the U.K., where wireless LNP has been mandated and implemented, Oftel, the U.K. telecommunications regulator, stated in a February 2001 report that “the use of number portability has increased constantly since its introduction in early 1999,” with a total of over 600,000 ports having been completed by October 2000. The Oftel report also observes that this trend will continue because, “as mobile penetration increases, network operators and service providers will be competing for existing rather than new mobile subscribers,” causing wireless number portability to be “of increasing importance to the

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Wireless, and by GTE, which was acquired by Bell Atlantic Mobile.

<sup>8</sup> Luna, Lynette. “The Wireless Growth Engine.” *Telephony*, February 12, 2001.

<sup>9</sup> *CMRS LNP Forbearance Order* at ¶ 23.

development of effective competition.”<sup>10</sup> In Switzerland, where wireless LNP has been in effect since March 2000, a total of 72,000 ports have been completed to date, accounting for approximately 1.5% of all wireless subscribers. In Australia, wireless LNP has been mandated and is scheduled to be implemented on September 25, 2001. Australian Communications Authority Chairman, Tony Shaw, stated that LNP is “an important achievement for both businesses and consumers. The inconvenience and cost of having to obtain a new number when changing mobile phone companies has often been a significant deterrent to people who want to take advantage of the benefits of competition.”<sup>11</sup> Wireless LNP has also been mandated and/or implemented in a number of additional countries, including Ireland, the Netherlands, Spain, France, and Hong Kong.

**A. LNP Will Maintain and Promote Competition Within the CMRS Industry.**

LNP will maintain and promote competition within the CMRS industry by giving customers the ability to “vote with their feet.” Without LNP, if customers suffer poor service quality, unsatisfactory customer service, or high rates from their wireless provider, or if another provider later introduces a more attractive calling plan, they must stay with their current provider if they want to keep their phone number. These customers are faced with a no-win situation – either stay with their provider and continue receiving unsatisfactory service, or change providers and have to change phone numbers. After LNP is implemented, customers will be in a win-win situation –

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<sup>10</sup> Effective Competition Review: Mobile. *Consultation document issued by the Director General of Communications*, February 2001.

<sup>11</sup> Australian Communications Authority Press Release, May 22, 2000. “25 September 2001 Announced as Date for Mobile Number Portability.” [www.austel.gov.au/media/2000/23-00.htm](http://www.austel.gov.au/media/2000/23-00.htm).

they will be able to move to a provider with better service or better rates, and retain their phone numbers. This will encourage wireless providers to improve their service quality and offer more attractive rates and calling plans. It is hardly surprising that Verizon Wireless, the largest mobile service provider and therefore the carrier with the most customers to lose, would try to prevent the implementation of LNP to deny customers this option.

LNP will also promote competition in the CMRS market by facilitating entry by new providers. Today, a new provider is at a great disadvantage in attracting customers because every customer wishing to change to the new provider would be faced with a phone number change as well. While this might not have been as significant a barrier to entry in the past, for the reasons explained above it is now a high, and growing, hurdle to successful entry.

**B. LNP is Critical to Maintaining a Vibrant Resale Market.**

LNP is particularly important to maintaining a vibrant CMRS resale industry in light of the not-too-distant sunset of the wireless resale requirement on November 24, 2002. At that time, or as soon thereafter as their contracts expire, facilities-based wireless carriers may decide to end their resale agreements. In those cases where the resale agreement is terminated, customers of the wireless resellers will have the choice of staying with their reseller provider, or migrating to another carrier. Without LNP, the only way those customers will be able to keep their phone numbers will be to migrate to the underlying carrier, who can simply change the account from wholesale to retail. Those customers who wish to stay with their reseller provider will need to



change their phone numbers. With LNP in place, however, the customer will have the choice of staying with their reseller, migrating to the underlying carrier, or migrating to any other carrier, all without having to change their phone number. In this way, LNP will promote competition after the resale requirement sunsets, and provide customers with the ability to choose the provider and plan which best suits their needs.

**C. LNP Will Promote Competition Between the Wireline and Wireless Industries.**

As the price of wireless service has decreased and customers have increasingly given out their wireless phone numbers, competition between the wireless and wireline industries has increased. As Verizon Wireless itself noted recently, “[w]ireless is becoming a meaningful alternative to wireline service.”<sup>12</sup>

The Commission has long supported LNP as a means of promoting competition between the wireline and wireless markets because it would allow consumers to migrate from one service type to the other without changing phone numbers. The Commission recognized this fact in its MO&O:

We anticipate that as wireless service rates continue their downward trend and the use of wireless service increases, there is greater likelihood that customers will view their wireless phones as a potential substitute for their wireline phones.<sup>13</sup>

As the Commission predicted, wireless rates have dropped and increasing numbers of consumers are turning to wireless phones as a substitute for wireline phones. Ivan Seidenberg, President and Co-Chief Executive Officer of Verizon Communications, confirmed last week that “the number of [Verizon’s] telephone lines connected to homes and businesses has declined for the first time in the company’s history, as customers cut

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<sup>12</sup> See Verizon Wireless *Ex Parte* Presentation, CC Docket No. 01-14, August 10, 2001, page 3.

<sup>13</sup> *CMRS LNP Forbearance Order* at ¶ 23.

back on spending or shift to wireless phones and high-speed Internet connections.”<sup>14</sup>

TeleNomic Research L.L.C. has recently determined that “[f]or every three new wireless subscribers there is one less wireline subscriber.”<sup>15</sup>

Recent reports also show a decreased growth rate for second lines, which is due, in part, to the increased use of wireless service. Telephony magazine noted that orders for second lines are down, and the RBOCs “are experiencing competition for first and second lines from wireless services...”<sup>16</sup> Likewise, Herschel L. Abbott, Jr., BellSouth’s Vice President of governmental affairs, said that “the Louisiana market is illustrative of what is happening in BellSouth’s territory. The growth for second lines has remained flat for the last two years while wireless subscribers have grown from 50,000 to 200,000 during the same period.”<sup>17</sup>

The increased substitution of wireless for wireline makes it more important that customers have the ability to change service providers while retaining their phone numbers. Thus, it is hardly surprising that Verizon Wireless and its affiliate, Verizon Communications – the largest wireline carrier in the U.S. and therefore the carrier with the most wireline customers to lose – would try to prevent the implementation of wireless LNP.

#### **IV. The Commission Must Implement Reporting Requirements to Monitor the Progress of Wireless Carriers Towards LNP.**

It is clear from the multiple delays already requested by the wireless industry, and the permanent forbearance now requested, that Verizon Wireless (and perhaps other

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<sup>14</sup> Noguchi, Yuki. “Verizon Records First Drop in Phone Lines; Firm Still Pursuing Voice Services but Sees Internet as Future, President Says.” *The Washington Post*, September 11, 2001.

<sup>15</sup> Weaver, Heather Forsgren. “Every Three Wireless Subscribers Equal One Less Wireline Subscriber, Says Study Author.” *RCR Wireless News*, August 13, 2001.

<sup>16</sup> Weber, Toby. “Access Lines Slowdown Dampens RBOC Outlook.” *Telephony*, August 6, 2001.

wireless carriers) are trying mightily to avoid having to comply with the Commission's LNP mandate. They are instead hoping that their compliance will never be required. To ensure that all wireless carriers not only implement LNP, but implement it on schedule, WorldCom again urges the Commission to require them to file quarterly reports with the Commission detailing their progress towards implementing LNP. WorldCom previously requested that such requirements be implemented in 1999 because it was concerned that the wireless carriers would employ delaying tactics in implementing LNP.<sup>18</sup> At the time, the Commission chose not to impose specific reporting requirements.<sup>19</sup> Now, as WorldCom had predicted, some carriers apparently have delayed their implementation of LNP, and Verizon Wireless seeks to have the requirement eliminated. WorldCom urges the Commission to implement specific reporting requirements so that it can ensure that CMRS carriers are making appropriate progress towards the November 24, 2002 deadline for implementing LNP.

The reports should list operational milestones and the progress made on each one, along with an anticipated date of completion for each one. For example, the reports should include items such as installing the necessary databases and software, and making arrangements with other carriers and resellers for porting numbers between the various networks. The reports should also include schedules for and results of any necessary testing.

## **V. Conclusion**

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<sup>17</sup> Weaver, Heather Forsgren. "Every Three Wireless Subscribers Equal One Less Wireline Subscriber, Says Study Author." *RCR Wireless News*, August 13, 2001.

<sup>18</sup> In the Matter of Cellular Telecommunications Industry Association's Petition for Forbearance From Commercial Mobile Radio Services Number Portability Obligations, MCI WorldCom, Inc. *Petition for Reconsideration*, WT Docket No. 98-229, May 27, 1999, page 3.

<sup>19</sup> *CMRS LNP Forbearance Order* at ¶ 49.

The Commission concluded four and a half years ago that the public interest would best be served by giving wireless customers the ability to change service providers, while keeping their phone numbers. This would result in better rates and higher quality service, the Commission found. While the Commission was correct at that time, its conclusion is even more appropriate today. As wireless service rates have decreased and service quality has improved over the last several years, consumers are more likely to give out their cell phone numbers and to use their cell phones as a substitute for a wireline phone. As a result, the ability of customers to change wireless providers without having to change phone numbers is more important than ever.

WorldCom urges the Commission to affirm its earlier findings by retaining its mandate that wireless providers implement wireless LNP as scheduled on November 24, 2002. For the reasons stated above, WorldCom requests that the Commission deny Verizon Wireless's *Petition*.

Respectfully submitted,

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